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WAGES, PRICES AND UNEMPLOYMENT.

Information is now available for average wages up to the end of 1931, and the situation may be reviewed in connection with the latest information about retail prices and unemployment.

The information about wages is very full except for unorganized country workers. The wage index as officially computed may be taken as an accurate measure of wages of workers generally, excluding this class.

Nominal wages of adult males at the end of December were on the average for all Australia lower than in the previous quarter, by 2.3 per cent. The fall was heaviest, - over 7 per cent in South Australia and Western Australia; over 2 per cent in Victoria and Tasmania, about 1 per cent in New South Wales and almost negligible in Queensland. For women the fall was 1.4 per cent on the average with only Western Australia standing out from the rest with a fall much above the average, - namely 7 per cent.

The fall in wages in the fourth quarter is chiefly a reflection of the fall in retail prices in the third quarter, on the index for which they are largely based. The cost of food and housing fell on the average 3.6 per cent in the third quarter compared with a fall in male wages of 2.3 per cent in the fourth quarter. The fall in prices was greatest in South Australia and Western Australia, but that only partly accounts for the heavier fall of wages in those States.

The fall in nominal wages since the high point at the end of 1929 is given for all States as a percentage in the following table. Alongside is given the corresponding percentage change in real wages, i.e., wages measured by their purchasing power, over food and housing, which may be taken as a fairly good measure of purchasing power for all ordinary household expenditure. From the end of 1929 to the end of 1931, the food-and-rent index fell 19 per cent, and the all-items index 18 per cent, so that it makes little difference which measure of purchasing power is used to get real wages.

Change in Wages, December 1929 to December 1931.

			<u>Nominal Wage</u>	<u>Real Wage</u>
			<u>Fall</u>	<u>Rise</u>
New South Wales	..		9 per cent	15 per cent
Victoria	..	..	19 " "	5 " "
Queensland	..	..	12 " "	11 " "
South Australia	..	..	23 " "	6 " "
Western Australia	..	..	16 " "	5 " "
Tasmania	..	..	16 " "	2 " "
AUSTRALIA	..		14 " "	10 " "

The above table shows what has happened to wages, nominal and real, over the last two years for each State independently. The position of wages, nominal and real in each State, referred to a common base, is given in the following table:-

/Wage Index -

Wage Index - December 1931.

Base: Average of Six States in 1911 = 100.

		<u>Nominal Wage</u>	<u>Real Wage</u>
		<u>Index</u>	<u>Index</u>
New South Wales	..	182	119
Victoria	..	160	114
Queensland	..	174	135
South Australia	..	146	114
Western Australia	..	164	123
Tasmania	..	156	109
AUSTRALIA	..	169	119

Nominal wages two years ago in Victoria and Western Australia were at about the same level as in Queensland but are now considerably lower. Two years ago, Tasmanian wages were the lowest in any State; now South Australia is lowest in nominal wages.

In real wages, Queensland is appreciably above any other State, and Western Australia next, as they have been for the last ten years. New South Wales, however, which had the lowest real wage has now a middle position, a little above Victoria, and South Australia; and Tasmania is now the lowest.

The movement of prices in the fourth quarter of 1931, which will be reflected in wages for the following quarter indicates that some further fall in nominal wages has now taken place. But prices in the 1st quarter of 1932 suggest some subsequent recovery. Rents in all the capitals continue to fall but the drop in the March quarter is the smallest for some time. Food prices on the other hand were appreciably higher except in Brisbane, and on the average more than balance the fall in rent, giving a rise in the food-and-rent index of nearly 1 per cent. This will affect wages by the end of the June quarter.

The preceding figures for wages, real and nominal, apply only to wage-earners in full work. If allowance be made for unemployment, so as to give average earnings for wage-earners whether employed or not, the movement is very different. In comparison with the year 1927 when employment was normal, the average real earnings, i.e. earnings measured in purchasing power, have fallen 18 per cent for all Australia. The following table gives the figures for each State.

Wages: Average real earnings.  
(allowing for unemployment)

Base: 1927 = 100 for each State.

		<u>4th Quarter, 1929</u>	<u>4th Quarter 1931</u>
New South Wales	..	88	81
Victoria	..	91	82
Queensland	..	96	94
South Australia	..	87	74
Western Australia	..	91	76
Tasmania	..	89	76
AUSTRALIA	..	90	82

The percentage of unemployment used in the above table is that of reporting trade unions, and is probably a little higher than the true average rate. Any tendency on this account to exaggerate the fall in real earnings is probably more than balanced by the amount of part-time occupation, for which data are not available.

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